

## CHAPTER 101-02-02 DEFINITIONS, CRITERIA, AND QUALIFICATIONS

### Section

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**101-02-02-01. Statutory definitions.** Unless otherwise defined, or made inappropriate by context, all terms defined in North Dakota Century Code chapter 43-23.3 have the same meanings in this chapter.

**History:** Effective October 1, 1992.

**General Authority:** NDCC 43-23.3-03

**Law Implemented:** NDCC 43-23.3-03

**101-02-02-02. Appraiser permit definitions, criteria, and qualifications.**  
To apply for and maintain any appraiser permit an individual must:

1. Be at least eighteen years of age;
2. Have a high school education or its equivalent;
3. Possess good character; and
4. Pass the appropriate examinations. All applicants for permits of apprentice real property appraiser, licensed real property appraiser, and certified general real property appraiser agree to follow the uniform standards of professional appraisal practice (USPAP) and must satisfy the qualification requirements listed in chapter 101-02-02.

**History:** Effective October 1, 1992; amended effective October 1, 1998.

**General Authority:** NDCC 43-23.3-03

**Law Implemented:** NDCC 43-23.3-08, 43-23.3-18

### **101-02-02-03. Apprentice real property appraiser.**

1. **Definition.** An apprentice real property appraiser permit must be issued to an individual who successfully meets all of the North Dakota appraisal requirements for such a permit.
2. **Property appraisal limitations.** An apprentice real property appraiser permit is considered the entry level (training ground level) for a North Dakota real property appraiser. The apprentice real property appraiser permittee shall assist either a licensed or a certified general

real property appraiser in appraisal work, provided the licensed or certified general real property appraiser accepts full responsibility for the appraisal performed. The scope of practice for the apprentice real property appraiser is the appraisal of those properties that the supervising appraiser is permitted to appraise. The apprentice real property appraiser shall be subject to the uniform standards of professional appraisal practice.

3. **Examination.** There is no examination required for the apprentice real property appraiser.
4. **Education.** The apprentice real property appraiser must have successfully completed the fifteen-hour national uniform standards of professional appraisal practice course, or its equivalent. Equivalency shall be determined through the appraisal qualifications board course approval program or by an alternate method established by the appraisal qualifications board. No other appraisal or appraisal-related education is required for the apprentice real property appraiser.
  - a. Uniform standards of professional appraisal practice qualifying education credit shall only be awarded when the class is instructed by an appraisal qualifications board certified instructor.
  - b. The applicant must be familiar with North Dakota Century Code chapter 43-23.3 and North Dakota Administrative Code title 101.
5. **Experience.** No experience is required for the apprentice real property appraiser.
6. **Apprentice real property appraiser responsibilities.** The apprentice real property appraiser must be subject to direct supervision by a supervising appraiser who must be state licensed or certified in good standing.
  - a. The scope of practice for the apprentice real property appraiser is the appraisal of those properties that the supervising appraiser is permitted by the supervising appraiser's current credential and that the supervising appraiser is qualified to appraise.
  - b. To obtain experience credit for appraisals, the apprentice must sign the report, sign the certification, or be given credit in the certification for significant professional assistance.
  - c. The apprentice real property appraiser shall maintain a log of all appraisals for which the apprentice completed seventy-five percent or more of the assignment. The log, at a minimum, must include the following for each appraisal:
    - (1) Type of property.

- (2) Date of report.
  - (3) Address of appraised property.
  - (4) Description of work performed.
  - (5) Number of work hours or points.
  - (6) Signature and state license or certification number of the supervising appraiser.
- d. The apprentice real property appraiser is permitted to have more than one supervising appraiser.
  - e. Separate appraisal logs must be maintained for each supervising appraiser.
  - f. The apprentice real property appraiser is entitled to obtain copies of appraisal reports the apprentice real property appraiser prepared.
7. **Supervisor responsibilities.** The supervising appraiser is responsible for the training, guidance, and direct supervision of the apprentice real property appraiser.
- a. Training, guidance, and direct supervision of the apprentice real property appraiser means:
    - (1) Accepting responsibility for the appraisal report by signing and certifying that the report complies with generally accepted appraisal procedures and is in compliance with the uniform standards of professional appraisal practice.
    - (2) Reviewing and signing the apprentice real property appraisal reports.
    - (3) Personally inspecting each appraised property interior and exterior with the apprentice real property appraiser on the first twenty-five appraisal assignments requiring inspection and until the supervising appraiser determines the appraiser trainee is competent in accordance with the competency provision of the uniform standards of professional appraisal practice for the property type.
  - b. A supervising appraiser must have a license or certified permit in good standing.
  - c. A supervising appraiser is limited to supervising no more than two apprentice appraisers.

- d. A supervising appraiser shall keep copies of appraisal reports for a period of five years or at least two years after final disposition of any judicial proceedings in which testimony was given, whichever period expires last.

**History:** Effective October 1, 1992; amended effective October 1, 1998; February 1, 2003.

**General Authority:** NDCC 43-23.3-03

**Law Implemented:** NDCC 43-23.3-03, 43-23.3-06, 43-23.3-08, 43-23.3-09, 43-23.3-17, 43-23.3-18

**101-02-02-04. Transitionally licensed real property appraiser.** Repealed effective October 1, 1998.

**101-02-02-05. Licensed real property appraiser.**

1. **Definitions.** A licensed real property appraiser permit must be issued to an individual who successfully meets all of the North Dakota appraisal requirements for such a permit.
2. **Property appraisal limitations.** The licensed real property appraiser is allowed to appraise noncomplex, one-to-four family residential properties that have a transaction value of up to one million dollars and complex one-to-four family residential properties that have a transaction value of up to two hundred fifty thousand dollars. In addition, a licensed real property appraiser is allowed to appraise noncomplex, nonresidential properties, that have a transaction value of up to two hundred fifty thousand dollars. All licensed real property appraisers are bound by the competency provisions of the uniform standards of professional appraisal practice.
3. **Examination.** An applicant for a licensed real property appraiser permit must have successfully completed the appraisal board approved uniform licensing examination or its equivalent within two years of making the application. An applicant for the examination as a licensed real property appraiser must have successfully completed ninety classroom hours of real estate appraisal education.
4. **Education.** Fifteen of the ninety hours must include the successful completion of the national uniform standards of professional appraisal practice course, or its equivalent. Equivalency must be determined through the appraisal qualifications board course approval program or by an alternate method established by the appraisal qualifications board. Sixty of the ninety hours must be comprised of appraisal-specific education related to the valuation of real estate, and fifteen hours may be comprised of appraisal-related subject matter, as approved as such, by the board.

- a. A classroom hour is defined as fifty minutes out of each sixty-minute segment.
- b. Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering.
- c. Open-book examinations are not acceptable in qualifying education courses.
- d. Uniform standards of professional appraisal practice education credit shall only be awarded when the class is instructed by an appraisal qualifications board certified instructor.
- e. Credit for the classroom requirement may be obtained from the following:
  - (1) Colleges or universities;
  - (2) Community or junior colleges;
  - (3) Real estate appraisal or real estate-related organizations;
  - (4) State or federal agencies or commissions;
  - (5) Proprietary schools; and
  - (6) Other providers approved by the board.
- f. Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.
- g. There is no time limit regarding when qualifying education credit must have been obtained.
- h. Various appraisal courses may be credited toward the ninety classroom hour education requirement. Applicants must demonstrate that their education involved substantially equivalent coverage of the topics listed below, with particular emphasis on the appraisal of one to four unit residential properties.
  - (1) Influences on real estate value.
    - (a) Physical and environmental.
    - (b) Economic.
    - (c) Governmental and legal.

- (d) Social.
- (2) Legal considerations in appraisal.
- (a) Real estate versus real property.
  - (b) Real property versus personal property.
  - (c) Limitations on real estate ownership.
  - (d) Legal rights and interests.
  - (e) Forms of property ownership.
  - (f) Legal descriptions.
  - (g) Transfer of title.
- (3) Types of value.
- (a) Market value or value in exchange.
  - (b) Price.
  - (c) Cost.
  - (d) Investment value.
  - (e) Value in use.
  - (f) Assessed value.
  - (g) Insurable value.
- (4) Economic principles.
- (a) Anticipation.
  - (b) Balance.
  - (c) Change.
  - (d) Competition.
  - (e) Conformity.
  - (f) Contribution.
  - (g) Increasing and decreasing returns.

- (h) Substitution.
- (i) Supply and demand.
- (j) Surplus and productivity.
- (5) Real estate markets and analysis.
  - (a) Characteristics of real estate markets.
  - (b) Absorption analysis.
  - (c) Role of money and capital markets.
  - (d) Real estate financing.
- (6) Valuation process.
  - (a) Definition of the problem.
  - (b) Collection and analysis of data.
  - (c) Analysis of highest and best use.
  - (d) Application and limitations of each approach to value.
  - (e) Reconciliation and final value estimate.
  - (f) The appraisal report.
- (7) Property description.
  - (a) Site description.
  - (b) Improvement description.
  - (c) Basic construction and design.
- (8) Highest and best use analysis.
  - (a) Four tests.
  - (b) Vacant site or as if vacant.
  - (c) As improved.
  - (d) Interim use.
- (9) Appraisal statistical concepts.

- (a) Mean.
  - (b) Median.
  - (c) Mode.
  - (d) Range.
  - (e) Standard deviation.
- (10) Sales comparison approach.
- (a) Research and selection of comparables.
  - (b) Elements of comparison.
  - (c) Adjustment process.
  - (d) Application of sales comparison approach.
- (11) Site value.
- (a) Sales comparison.
  - (b) Land residual.
  - (c) Allocation.
  - (d) Extraction.
  - (e) Plottage and assemblage.
- (12) Cost approach.
- (a) Steps in cost approach.
  - (b) Application of the cost approach.
- (13) Income approach.
- (a) Gross rent multiplier analysis.
  - (b) Estimation of income and expenses.
  - (c) Operating expense ratios.
- (14) Valuation of partial interests.
- (a) Life estates.



- (b) Undivided interests in commonly held property.
  - (c) Easements.
  - (d) Timeshares.
  - (e) Cooperatives.
  - (f) Leased fee estate.
  - (g) Leasehold estate.
- (15) Appraisal standards and ethics.
- i. Forty hours may be distance education. Distance education is an educational process in which the student and instructor are geographically separated. Distance education includes on-line learning, internet-based instruction, CD-ROM instruction, correspondence courses, and videoconferencing. An acceptable distance education course must:
    - (1) Provide interaction between the student and the instructor.
    - (2) Meet one of the following requirements:
      - (a) The course is presented by a college or university, accredited by the commission on colleges or a regional accreditation association, which offers distance education programs in other disciplines.
      - (b) The course is approved for college credit by the American council on education.
      - (c) The course is approved for design and delivery mechanism by the international distance education certification center and for content by the appraiser qualifications board or the board.
    - (3) Require the student to successfully complete a written examination proctored by an official approved by the presenting college, university, or sponsoring organization.
    - (4) Meet the requirements for qualifying education established by the appraiser qualifications board.
    - (5) Be equivalent to at least fifteen classroom hours.
  - j. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may

also be awarded for the continuing education requirement of the classification held.

- k. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased.
  - l. Courses that have received approval by the appraiser qualifications board of the appraisal foundation through the appraiser qualifications course approval program may be acceptable to the board without additional state review.
5. **Experience.** A licensed real property appraiser must have the equivalent of two thousand hours of credible appraisal experience prior to obtaining the licensing permit. The applicant for licensure must submit for review a minimum of three summary or self-contained residential appraisal reports. All three of the reports must be complete appraisals and must meet the current uniform standards of professional appraisal practice (USPAP) as of the effective date of the appraisal.
- a. Adequate experience will be determined on a point system.
    - (1) The point system awards points based on the types of appraisals performed, the types of properties appraised, and the number of appraisals performed by the individual.
    - (2) Types of appraisals performed include standard appraisal, review appraisal, and condemnation appraisal.
      - (a) A standard appraisal is the process of developing an appraisal using those methods commonly accepted by real estate appraisers as constituting the appraisal process and preparing a written appraisal report or file memorandum describing the appraisal and reporting the estimate of value. The appraisal process consists of an analysis of factors that affect value, definition of the problem, gathering and analyzing data, applying the appropriate value approaches and methodology, arriving at an opinion of value, and correctly reporting the opinion of value in compliance with the uniform standards of professional appraisal practice.
      - (b) A review appraisal is the process of critically reviewing an appraisal report prepared by another appraiser and preparing a separate written report or file memorandum setting forth the results of the review process. The review appraiser reviews the report and forms an opinion as to the adequacy of the report, the

appropriateness of the methods used by the appraiser, and the reasonableness of the appraiser's conclusions. A review appraiser may or may not perform a field review. A field review includes inspecting the subject and comparables to verify data, to determine the appropriateness of the comparables selected and adjustments made, and to assist in determining the reasonableness of the value estimate. Review appraisal experience must conform to standard three of the uniform standards of professional appraisal practice. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under applicable uniform standards of professional appraisal practice standards.

- (c) A condemnation appraisal is an appraisal of real property for condemnation purposes where a partial taking is involved and the appraiser must develop both a before taking value estimate and an after taking value estimate. The appraiser uses those methods commonly accepted by real estate appraisers as constituting the appraisal process including a field inspection and preparation of a written appraisal report or file memorandum describing the appraisal and reporting the before and after value estimates.

(3) Types of property appraised may include the following:

- (a) Land may include farms of one hundred acres [40.47 hectares] or more in size, undeveloped tracts, residential multifamily sites, commercial sites, industrial sites, and land in transition.
- (b) Residential multifamily, five-12 units may include apartments, condominiums, townhouses, and mobile home parks.
- (c) Residential multifamily, thirteen plus units may include apartments, condominiums, townhouses, and mobile home parks.
- (d) Commercial single-tenant may include office building, retail store, restaurant, service station, bank, and day care center.
- (e) Commercial multitenant may include office building, shopping center, and hotel.

- (f) Industrial may include warehouse and manufacturing plant.
  - (g) Institutional may include rest home, nursing home, hospital, school, church, and government building.
- (4) Points assigned for each appraisal type are assigned by the appraisal board and are included on the application for licensure and certification. A copy of this form can be obtained by contacting the appraisal board office.
- b. A total of two hundred forty points is equivalent to the two thousand-hour requirement. These two hundred forty points (two thousand hours of experience) must be obtained using at least two years of appraisal practice gained over a period of at least twenty-four months.
- c. There is no other time limit regarding when qualifying experience may be obtained.
- d. Hours may be treated as cumulative in order to achieve the necessary two thousand hours (two hundred forty points) of appraisal experience.
- e. Acceptable appraisal experience includes, but is not limited to, the following:
  - (1) Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting (excludes related fields such as real estate lending), highest and best use analysis, and feasibility analysis or study.
    - (a) Mass appraisal experience must conform to standard six of the uniform standards of professional appraisal practice. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under applicable uniform standards of professional appraisal practice standards.
    - (b) Review of real estate appraisals or real property consulting services, including market analysis, cash flow and investment analysis, and feasibility analysis, must conform to standards three, four, and five of the uniform standards of professional appraisal practice. Experience involving these functions should be given credit to the extent that it demonstrates proficiency

in appraisal principles, techniques, or skills used by appraisers practicing under standard one of the uniform standards of professional appraisal practice.

- (c) A market analysis typically performed by a real estate broker or sales person should be awarded experience credit when the analysis is prepared in conformity with standards one and two of the uniform standards of professional appraisal practice, the individual can demonstrate that the individual is using techniques and methods consistent with those used by appraisers to value property and the individual is effectively utilizing the appraisal process.
  - (d) Real property appraisal experience should be awarded for appraisals of real estate components, estates, or interests unless the appraiser has not complied with standards one, two, and six of the uniform standards of professional appraisal practice.
- (2) No more than seventy-five points of the total experience credit may be in related areas. Related experience includes authorship and consulting.
- f. Documentation in the form of reports or file memoranda must be provided to support the experience claimed. If reports or file memoranda are unavailable for good cause, the board may accept other evidence of compliance with the uniform standards of professional appraisal practice.
- 9. The verification for the two thousand hours (two hundred forty points) of experience credit claimed by an applicant shall be on forms prescribed by the state certification or licensing board which shall include:
  - (1) Type of property;
  - (2) Date of report;
  - (3) Address of appraised property;
  - (4) Description of work performed; and
  - (5) Number of work hours (points).

- h. There need not be a client in order for an appraisal to qualify for experience. Appraisals made without clients can fulfill up to fifty percent of the total experience requirement.

**History:** Effective October 1, 1992; amended effective January 1, 1995; October 1, 1998; February 1, 2003.

**General Authority:** NDCC 43-23.3-03, 43-23.3-09

**Law Implemented:** NDCC 43-23.3-03, 43-23.3-06, 43-23.3-07, 43-23.3-08, 43-23.3-09, 43-23.3-17, 43-23.3-18

#### **101-02-02-06. Certified general real property appraiser.**

1. **Definitions.** A certified general real property appraiser permit must be issued to an individual who successfully meets all of the North Dakota appraisal requirements for such a permit.
2. **Property appraisal limitations.** The certified general real property appraiser may appraise all types of properties. The certified general real property appraiser is bound by the competency provision of the uniform standards of professional appraisal practice.
3. **Examination.** An applicant for a certified general real property appraiser permit must have successfully completed the appraisal board approved uniform state certification examination or its equivalent within two years of making the application. An applicant for examination as a certified real property appraiser must have successfully completed one hundred eighty classroom hours of real estate appraisal education.
4. **Education.** Fifteen of the one hundred eighty hours must include the successful completion of the national uniform standards of professional appraisal practice course, or its equivalent. Equivalency shall be determined through the appraisal qualifications board course approval program or by an alternate method established by the appraisal qualifications board. One hundred fifty hours of the one hundred eighty hours must be comprised of appraisal-specific education related to the valuation of real estate, and fifteen hours may be comprised of appraisal-related subject matter, as approved as such, by the board.
  - a. A classroom hour is defined as fifty minutes out of each sixty-minute segment.
  - b. Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering.
  - c. Open-book examinations are not acceptable in qualifying education courses.

- d. Uniform standards of professional appraisal practice education credit shall only be awarded when the class is instructed by an appraisal qualifications board certified instructor.
- e. Credit for the classroom requirement may be obtained from the following:
  - (1) Colleges or universities.
  - (2) Community or junior colleges.
  - (3) Real estate appraisal or real estate-related organizations.
  - (4) State or federal agencies or commission.
  - (5) Proprietary schools.
  - (6) Other providers approved by the state certification or licensing board.
- f. Credit towards the classroom hour requirement may be awarded to teachers of appraisal courses.
- g. There is no time limit regarding when qualifying education credit must have been obtained.
- h. Various appraisal courses may be credited toward the one hundred eighty classroom hour education requirement. Applicants must demonstrate that their education involved substantially equivalent coverage of topics listed below with particular emphasis on the appraisal of nonresidential properties. Residential is defined as one-to-four residential units.
  - (1) Influence on real estate value.
    - (a) Physical and environmental.
    - (b) Economic.
    - (c) Governmental and legal.
    - (d) Social.
  - (2) Legal considerations in appraisal.
    - (a) Real estate versus real property.
    - (b) Real property versus personal property.

- (c) Limitations on real estate ownership.
  - (d) Legal rights and interests.
  - (e) Forms of property ownership.
  - (f) Legal descriptions.
  - (g) Transfer of title.
- (3) Types of value.
- (a) Market value or value in exchange.
  - (b) Price.
  - (c) Cost.
  - (d) Investment value.
  - (e) Value in use.
  - (f) Assessed value.
  - (g) Insurable value.
- (4) Economic principles.
- (a) Anticipation.
  - (b) Balance.
  - (c) Change.
  - (d) Competition.
  - (e) Conformity.
  - (f) Contribution.
  - (g) Increasing and decreasing returns.
  - (h) Substitution.
  - (i) Supply and demand.
  - (j) Surplus and productivity.

- (5) Real estate markets and analysis.



- (a) Characteristics of real estate markets.
- (b) Absorption analysis.
- (c) Role of money and capital markets.
- (d) Real estate financing.
- (6) Valuation process.
  - (a) Definition of the problem.
  - (b) Collection and analysis of data.
  - (c) Analysis of highest and best use.
  - (d) Application and limitations of each approach to value.
  - (e) Reconciliation and final value estimate.
  - (f) The appraisal report.
- (7) Property description.
  - (a) Site description.
  - (b) Improvement description.
  - (c) Basic construction and design.
- (8) Highest and best use analysis.
  - (a) Four tests.
  - (b) Vacant site or as if vacant.
  - (c) As improved.
  - (d) Interim use.
- (9) Appraisal mathematics and statistics.
  - (a) Compound interest concepts.
  - (b) Statistical concepts used in appraisal.
- (10) Sales comparison approach.
  - (a) Research and selection of comparables.

- (b) Elements of comparison.
  - (c) Adjustment process.
  - (d) Application of sales comparison approach.
- (11) Site value.
  - (a) Sales comparison.
  - (b) Land residual.
  - (c) Allocation.
  - (d) Extraction.
  - (e) Plottage and assemblage.
- (12) Cost approach.
  - (a) Steps in cost approach.
  - (b) Application of the cost approach.
- (13) Income approach.
  - (a) Estimation of income and expenses.
  - (b) Operating ratios.
  - (c) Direct capitalization.
  - (d) Gross rent multiplier analysis.
- (14) Valuation of partial interests.
  - (a) Life estates.
  - (b) Undivided interests in commonly held property.
  - (c) Easements.
  - (d) Timeshares.
  - (e) Cooperatives.
  - (f) Leased fee estate.
  - (g) Leasehold estate.

(15) Appraisal standards and ethics.

(16) Narrative report writing.

i. Eighty hours may be distance education. Distance education is an educational process in which the student and instructor are geographically separated. Distance education includes, but is not limited to, on-line learning internet-based instruction, CD-ROM instruction, correspondence courses, and videoconferencing. An acceptable distance education course must:

(1) Provide interaction between the student and the instructor.

(2) Meet one of the following requirements:

(a) The course is presented by a college or university, accredited by the commission on colleges or a regional accreditation association, that offers distance education programs in other disciplines.

(b) The course is approved for college credit by the American council on education.

(c) The course is approved for design and delivery mechanism by the international distance education certification center, and for content by the appraiser qualifications board or the board.

(3) Require the student to successfully complete a written examination proctored by an official approved by the presenting college, university, or sponsoring organization.

(4) Meet the requirements for qualifying education established by the appraisal qualifications board.

(5) Be equivalent to at least fifteen classroom hours.

j. Courses that have received approval by the appraiser qualifications board of the appraisal foundation through the appraiser qualifications course approval program may be acceptable to the board without additional state review.

k. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased.

5. **Experience.** A certified general real property appraiser must have the equivalent of three thousand hours of credible appraisal experience

prior to obtaining the certified general real property appraiser certification permit. The applicant for certification must submit for review a minimum of three summary or self-contained nonresidential appraisal reports. All three of the reports must be complete appraisals and one must include all three approaches to value. The reports submitted must meet the current uniform standards of professional appraisal practice (USPAP) as of the effective date of the appraisal.

a. Adequate experience will be determined on a point system.

- (1) The point system awards points based on the types of appraisals performed, the types of properties appraised, and the number of appraisals performed by the individual.
- (2) Types of appraisals performed include standard appraisal, review appraisal, and condemnation appraisal.
  - (a) A standard appraisal is the process of developing an appraisal using those methods commonly accepted by real estate appraisers as constituting the appraisal process and preparing a written appraisal report or file memorandum describing the appraisal and reporting the estimate of value. The appraisal process consists of an analysis of factors that affect value, definition of the problem, gathering and analyzing data, applying the appropriate value approaches and methodology, arriving at an opinion of value, and correctly reporting the opinion of value in compliance with the uniform standards of professional appraisal practice.
  - (b) A review appraisal is the process of critically reviewing an appraisal report prepared by another appraiser and preparing a separate written report or file memorandum setting forth the results of the review process. The review appraiser reviews the report and forms an opinion as to the adequacy of the report, the appropriateness of the methods used by the appraiser, and the reasonableness of the appraiser's conclusions. A review appraiser may or may not perform a field review. A field review includes inspecting the subject and comparables to verify data, to determine the appropriateness of the comparables selected and adjustments made, and to assist in determining the reasonableness of the value estimate. Review appraisal experience must conform to standard three of the uniform standards of professional appraisal practice. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used

by appraisers practicing under applicable uniform standards of professional appraisal practice standards.

- (c) A condemnation appraisal is an appraisal of real property for condemnation purposes where a partial taking is involved and the appraiser must develop both a before taking value estimate and an after taking value estimate. The appraiser uses those methods commonly accepted by real estate appraisers as constituting the appraisal process including a field inspection and preparation of a written appraisal report or file memorandum describing the appraisal and reporting the before and after value estimates.

(3) Types of property appraised may include the following:

- (a) Land may include farms of one hundred acres [40.47 hectares] or more in size, undeveloped tracts, residential multifamily sites, commercial sites, industrial sites, and land in transition.
- (b) Residential multifamily, five-12 units may include apartments, condominiums, townhouses, and mobile home parks.
- (c) Residential multifamily, thirteen plus units may include apartments, condominiums, townhouses, and mobile home parks.
- (d) Commercial single-tenant may include office building, retail store, restaurant, service station, bank, and day care center.
- (e) Commercial multitenant may include office building, shopping center, and hotel.
- (f) Industrial may include warehouse and manufacturing plant.
- (g) Institutional may include rest home, nursing home, hospital, school, church, and government building.

(4) Points assigned for each appraisal type are assigned by the appraisal board and are included on the application for licensure or certification. A copy of this form can be obtained by contacting the appraisal board office.

- b. A total of three hundred sixty points is equivalent to three thousand-hour requirement. These three hundred sixty points,

(three thousand hours of experience) must be obtained using at least two and one-half years of appraisal practice gained over a period of at least thirty months.

- c. There is no other time limit regarding when qualifying experience may be obtained.
- d. Hours may be treated as cumulative in order to achieve the necessary three thousand hours (three hundred sixty points) of appraisal experience.
- e. Acceptable appraisal experience includes the following:
  - (1) Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting (excludes related fields such as real estate lending), highest and best use analysis, and feasibility analysis or study.
    - (a) Mass appraisal experience must conform to standard six of the uniform standards of professional appraisal practice. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under applicable uniform standards of professional appraisal practice standards.
    - (b) Review of real estate appraisals or real property consulting services, including market analysis, cash flow and investment analysis, and feasibility analysis must conform to standards three, four, and five of the uniform standards of professional appraisal practice. Experience involving these functions should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under standard one of the uniform standards of professional appraisal practice.
    - (c) A market analysis typically performed by a real estate broker or sales person should be awarded experience credit when the analysis is prepared in conformity with standards one and two of the uniform standards of professional appraisal practice, the individual can demonstrate that the individual is using techniques and methods consistent with those used by appraisers to value property and the individual is effectively utilizing the appraisal process.

- (d) Real property appraisal experience should be awarded for appraisals of real estate components, estates, or interests unless the appraiser has not complied with standards one, two, and six of the uniform standards of professional appraisal practice.
- (2) No more than seventy-five points of the total experience credit may be in related areas. Related experience includes authorship and consulting.
- f. Documentation in the form of reports or file memoranda must be provided to support the experience claimed. If reports or file memoranda are unavailable for good cause, the board may accept other evidence of compliance with the uniform standards of professional appraisal practice.
- 9. The verification for the three thousand hours (three hundred sixty points) of experience credit claimed by an applicant shall be on forms prescribed by the state certification or licensing board which shall include:
  - (1) Type of property.
  - (2) Date of report.
  - (3) Address of appraised property.
  - (4) Description of work performed.
  - (5) Number of work hours (points).
- h. The applicant must have at least fifty percent (one thousand five hundred hours) of nonresidential appraisal experience. Residential is defined as one-to-four residential units.
- i. There need not be a client in order for an appraisal to qualify for experience. Appraisals made without clients can fulfill up to fifty percent of the total experience requirement.

**History:** Effective October 1, 1992; amended effective January 1, 1995; October 1, 1998; February 1, 2003.

**General Authority:** NDCC 43-23.3-03, 43-23.3-09

**Law Implemented:** NDCC 43-23.3-03, 43-23.3-06, 43-23.3-07, 43-23.3-08, 43-23.3-09, 43-23.3-17, 43-23.3-18

#### **101-02-02-07. Inactive status.**

- 1. A licensee or certificate permittee must be assigned by the board to inactive status upon written request to the board.

2. A licensee or certificate permittee whose appraiser license or certificate is on inactive status must be returned to active status upon making a written request to the board.
3. A licensee or certificate permittee on inactive status is not entitled to act as a state-licensed or state-certified real property appraiser; however, in order to continue to hold an appraiser license or certificate, the licensee or certificate permittee whose license or certificate is on inactive status must renew the license or certificate, by including payment of prescribed renewal fee and completion of continuing education as required by the board.
4. The board may take disciplinary action against a licensee or certificate permittee on inactive status.

**History:** Effective October 1, 1992.

**General Authority:** NDCC 43-23.3-03

**Law Implemented:** NDCC 43-23.3-12, 43-23.3-19, 43-23.3-20